

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
Kitsap County, Washington
July 1, 1992 Through June 30, 1993

Schedule Of Federal Findings

1. A Fixed Asset Inventory Should Be Performed And Reconciled With Subsidiary Records

The housing authority has not taken physical count of federally funded fixed assets and reconciled the results to the detailed subsidiary ledgers for three years. We tested the existence of assets identified in the subsidiary ledgers, and discovered that not all of the assets could be found.

The "Common Rule" for *Uniform Administration Requirements For Grants and Cooperative Agreements to the State and Local Governments*, Section.32, states in part:

(d) Management Requirements. Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

(1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property and any ultimate disposition data including the date of disposal and sale price of the property.

(2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.

(3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property

. . . .

This lack of physical inventories of fixed assets increases the likelihood that errors or irregularities could occur and not be detected by management in a timely manner.

Adequate controls over fixed assets have not been achieved due to the assignment of insufficient resources to fixed asset accounting.

We recommend housing authority officials conduct a physical inventory of fixed assets at least once every two years and resolve any differences between physical inventory, fixed asset subsidiary ledgers, and the general ledger accounts.